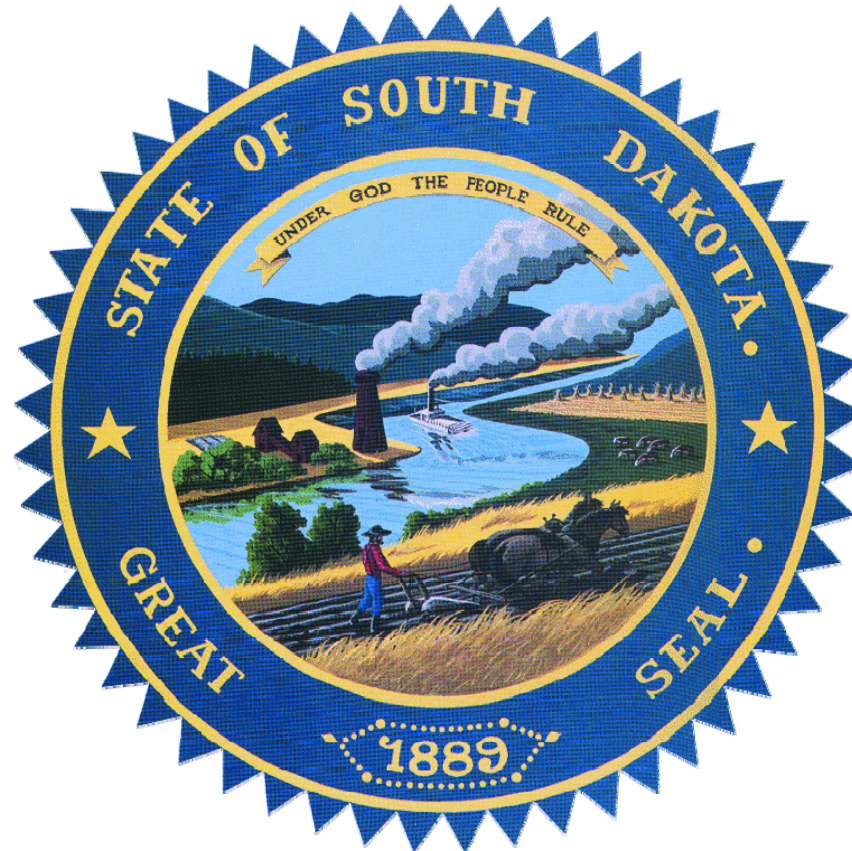


South Dakota Economic Update



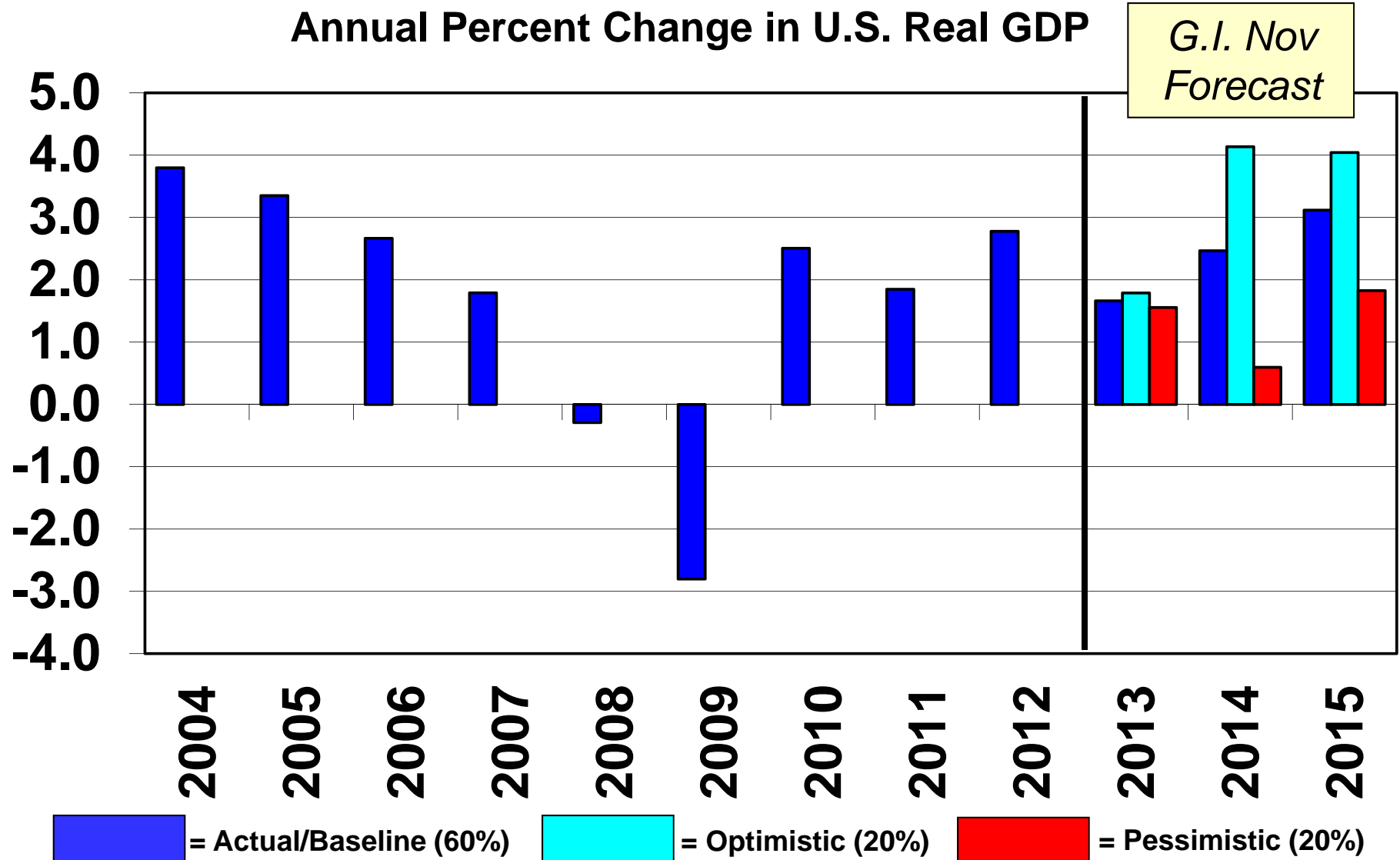
**Presentation to the SD Banking Commission
December 4, 2013**

Jim Terwilliger, Bureau of Finance and Management

US & SD Economic Overview

- United States
 - Current US economic forecast from IHS Global Insight
- South Dakota
 - Compare to the US average for various indicators
 - Recent employment growth
 - Current SD economic forecast
- Agriculture Sector
 - Farm income
 - Crop and cattle production
 - Impact from winter storm Atlas

US Economic Outlook: Growth Improving in 2014 & 2015

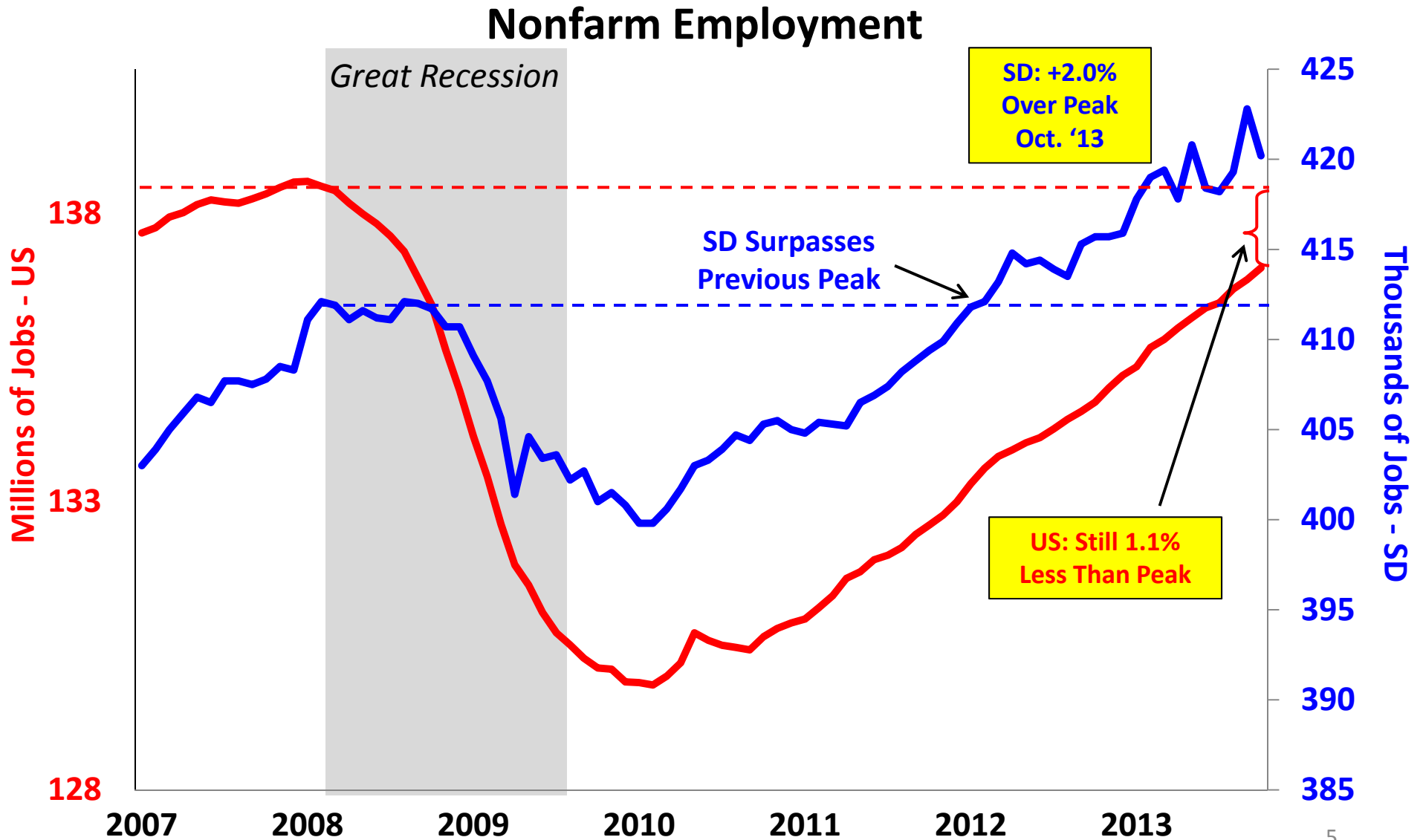


IHS Global Insight

Current US Baseline Forecast

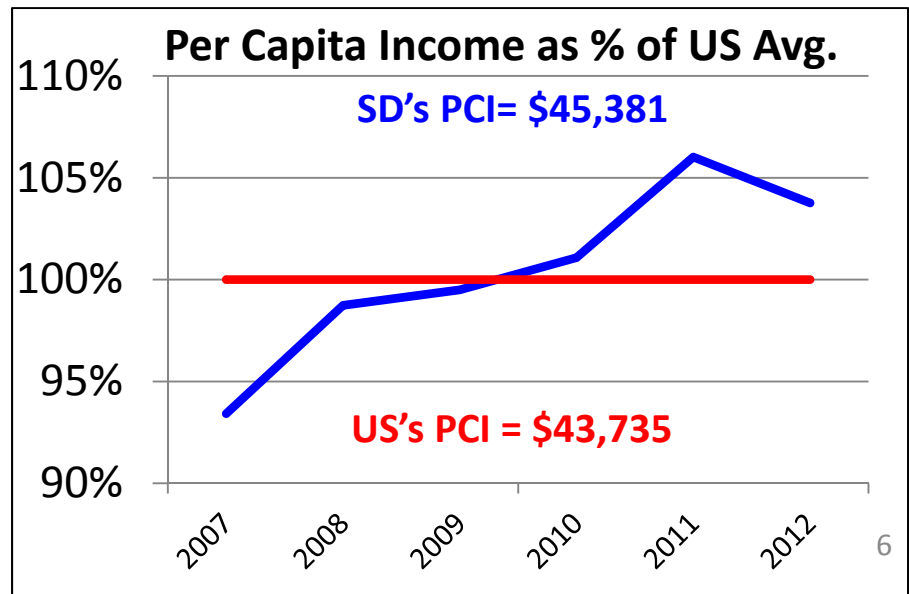
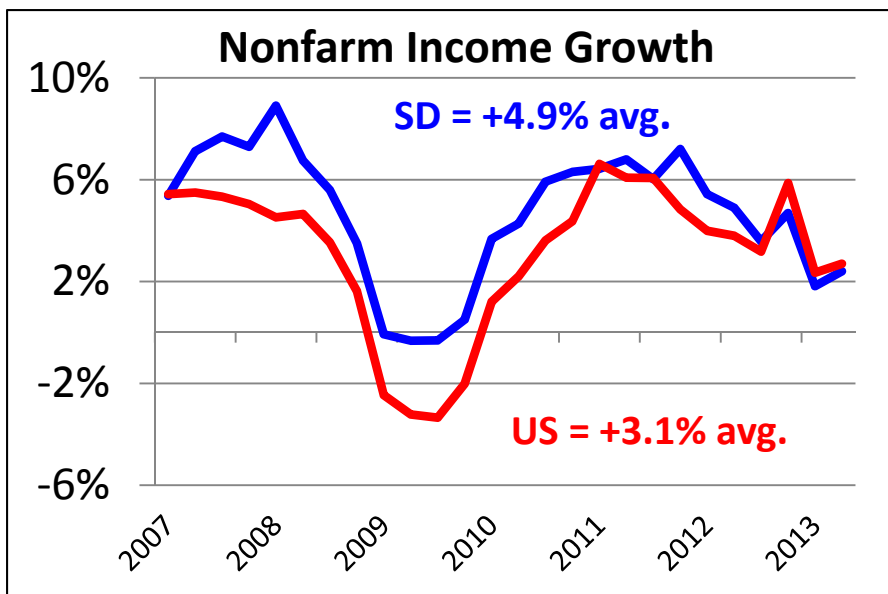
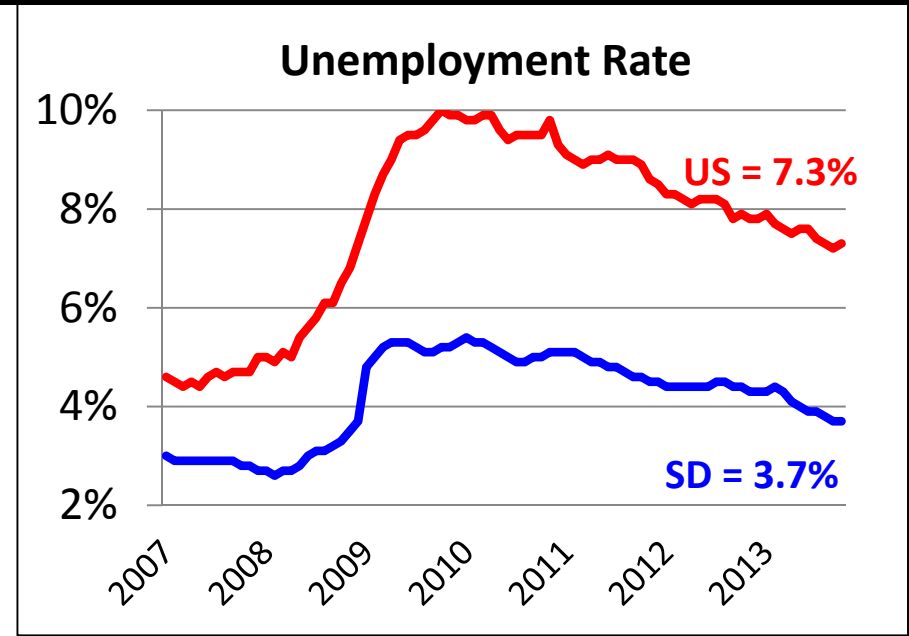
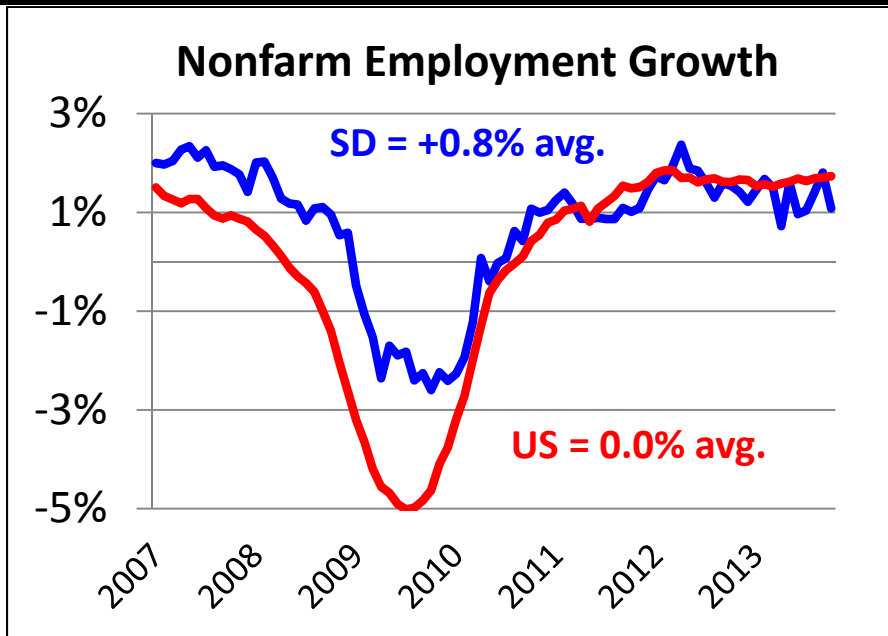
Indicator	2012 A	2013 F	2014 F	2015 F
Real GDP	2.8%	1.7%	2.5%	3.1%
NF Employment	1.7%	1.6%	1.6%	1.8%
Personal Income	4.2%	2.8%	4.6%	4.8%
CPI	2.1%	1.4%	1.4%	1.7%
Unemployment Rate	8.1%	7.5%	6.9%	6.4%

Nonfarm Employment SD vs. US



Source: BLS

SD continues to outpace the US economy



South Dakota Employment Changes

(October 2012 - October 2013 seasonally adjusted)

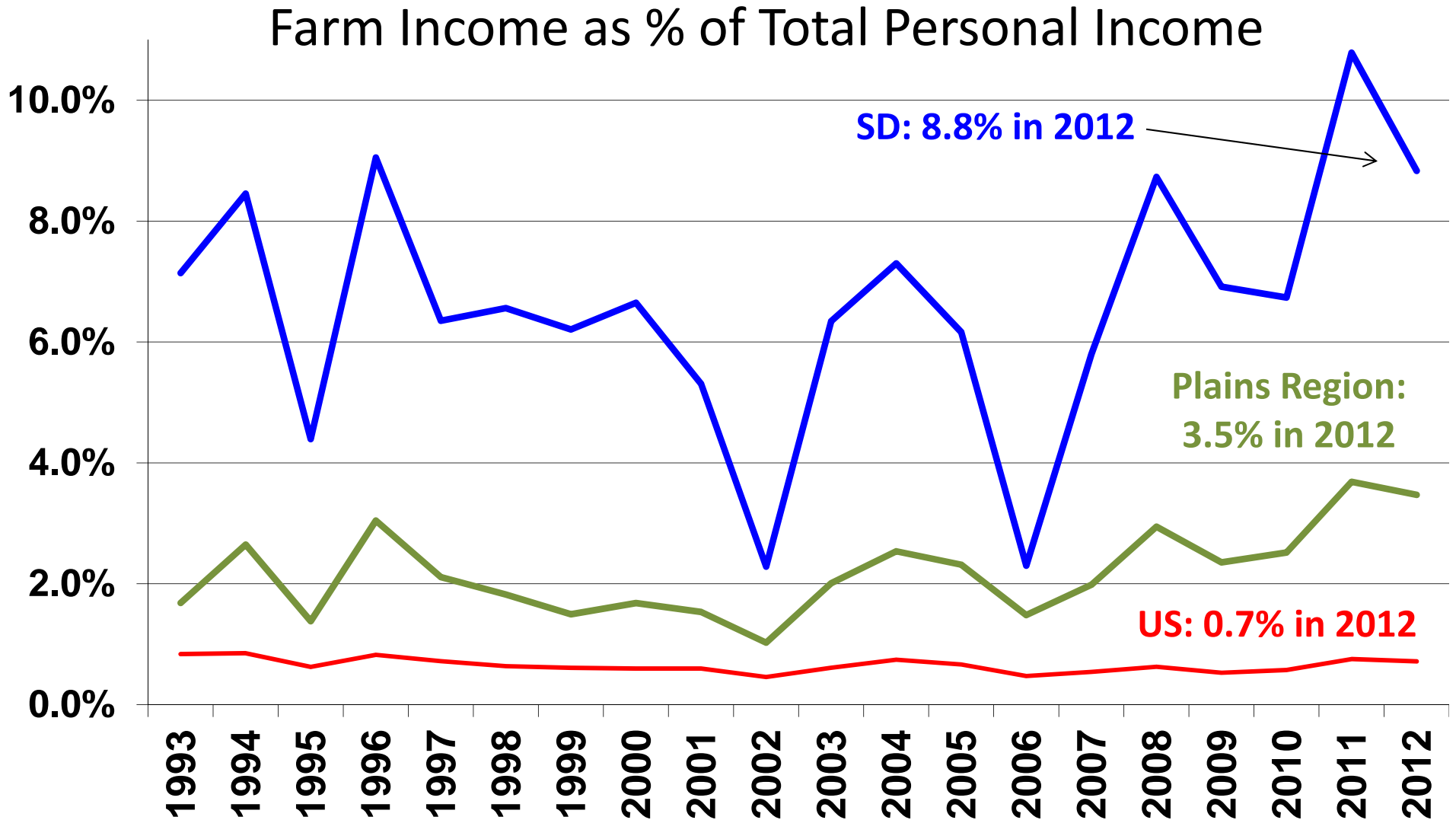
	Y/Y % Chg.	Y/Y Gain (Loss)
Total Nonfarm (seasonally adj.)	1.1%	4,500
Mining, Logging & Construction	(0.5%)	(100)
Manufacturing	0.0%	0
Wholesale Trade	0.0%	0
Retail Trade	2.3%	1,200
Transportation & Utilities	0.8%	100
Information	1.7%	100
Financial Activities	0.7%	200
Prof. and Business Services	0.0%	0
Ed & Health Services	1.5%	1,000
Leisure and Hospitality	2.7%	1,200
Other Services	0.0%	0
Government	1.0%	800

Source: Bureau of Labor Statistics

Current South Dakota Economic Forecast

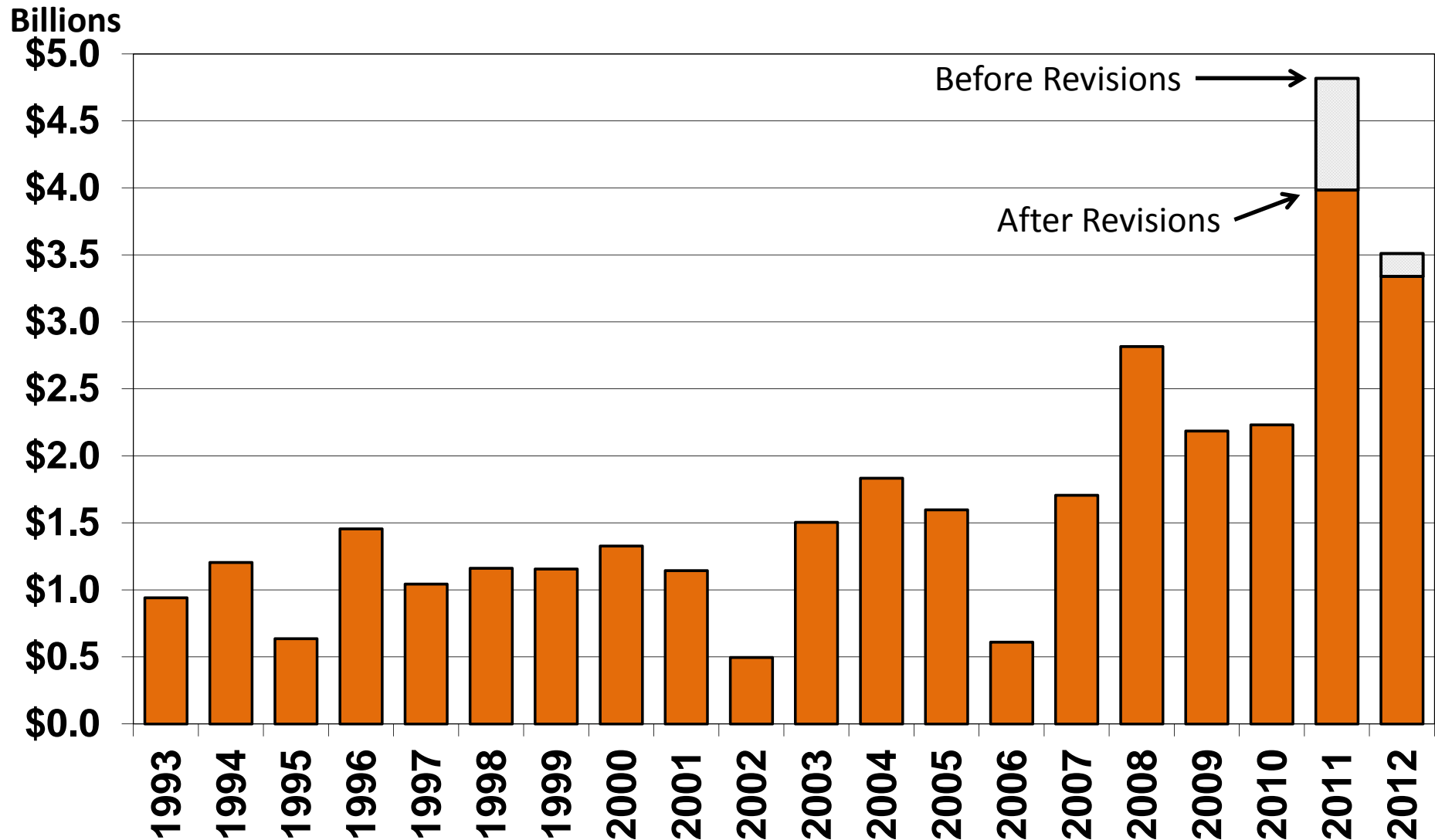
Indicator	2012 A	2013 F	2014 F	2015 F
NF Employment	1.6%	1.3%	1.6%	1.8%
NF Income	4.6%	2.0%	4.6%	5.1%
Unemployment Rate	4.4%	3.9%	3.6%	3.5%
Housing Starts (thousands)	4.07	4.72	4.95	5.34

Agriculture Continues To Be A Strong Force In South Dakota

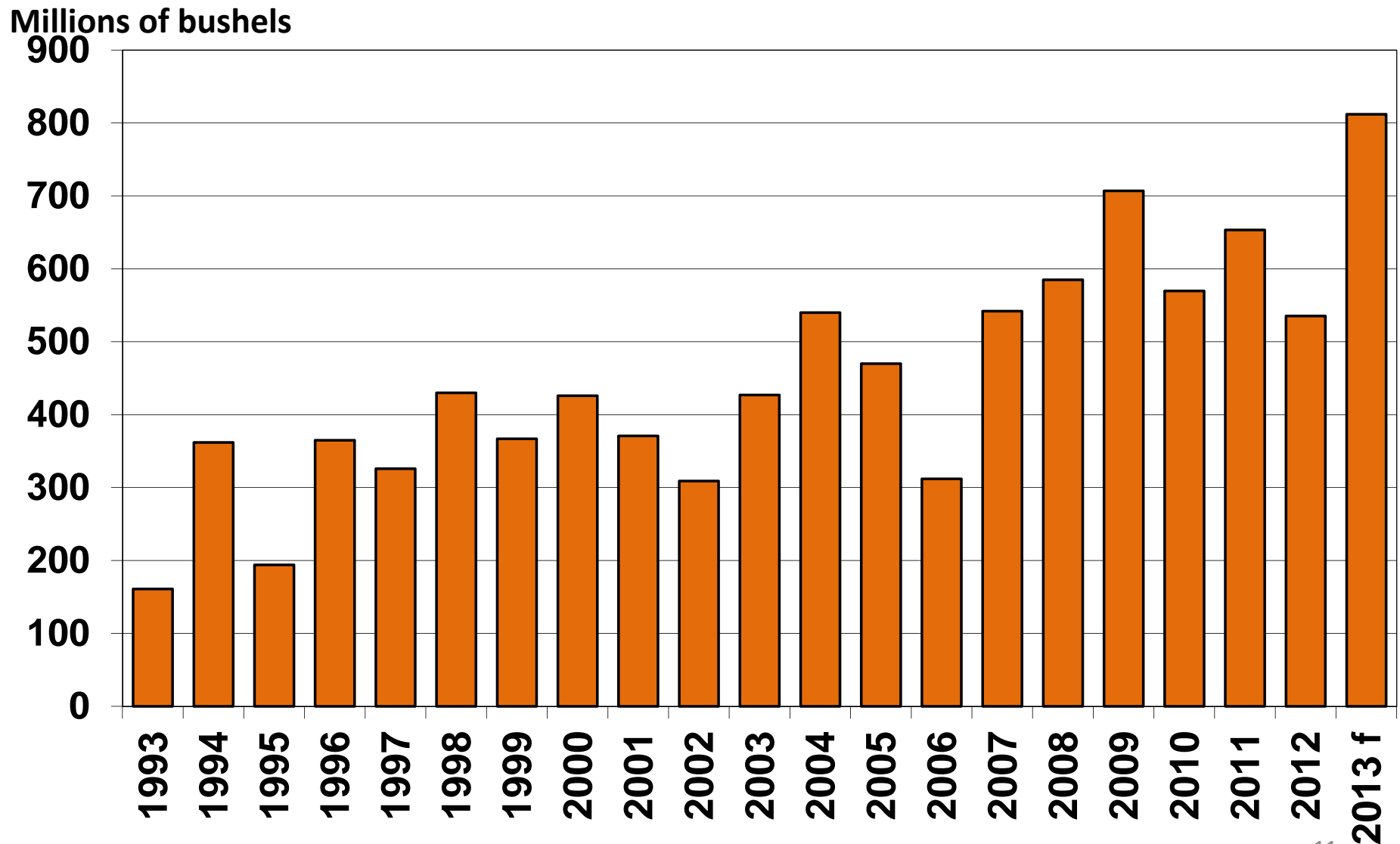


Source: BEA

Strong SD Farm Income Levels Were Recently Revised Lower

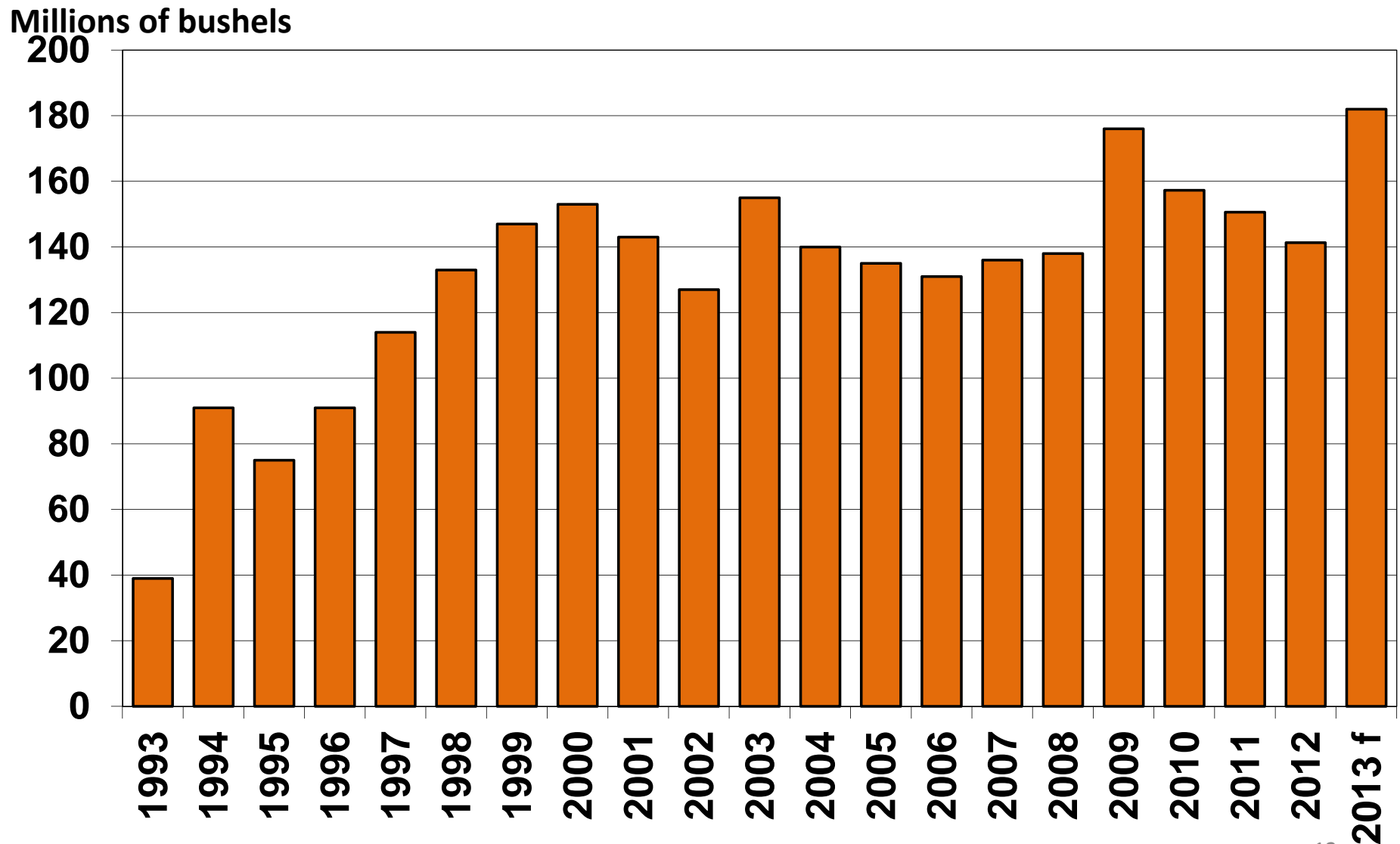


South Dakota Corn Production: Record Harvest Forecasted for 2013



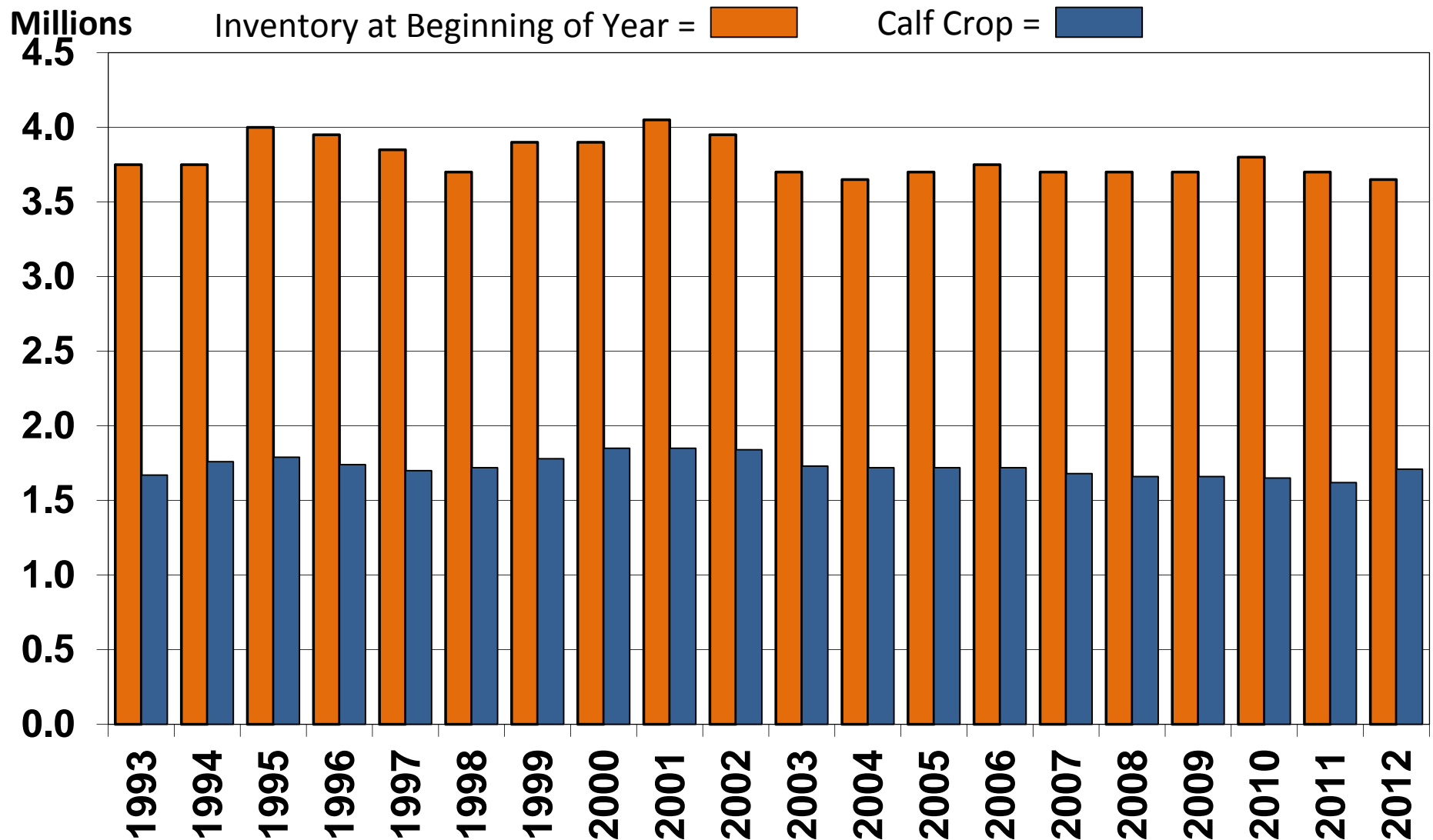
Source: NASS, SDSU

South Dakota Soybean Production: Record Harvest Forecasted for 2013



Source: NASS, SDSU

South Dakota Cattle Inventory and Production



Winter Storm Atlas

- Total livestock loss from Atlas is estimated at 25,000 to 30,000 head. This represents 0.8% of South Dakota's total cattle inventory.
- At 30,000 head, the direct loss to producers is estimated between \$35 to \$40 million.
- While tragic for some individual producers and isolated locations, the overall impact to the statewide Agriculture economy is limited.

Challenges and Opportunities

- The United States and South Dakota economies are expected to continue to grow at a moderate pace.
- Medium and long-term challenges remain at the federal level regarding tax and fiscal policy. This continued uncertainty is holding back business investments. Removing this uncertainty could lead to stronger economic growth.
- The Agriculture sector has been a major boost to overall economic activity in South Dakota the past several years due to high prices and strong production.
- Lower crop prices and rapidly increasing farm real estate value are concerns looking to 2014 and beyond.

Questions?

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